

Message Text

CONFIDENTIAL

PAGE 01 TEL AV 08671 270928Z

20

ACTION NEA-12

INFO OCT-01 ISO-00 SPC-03 AID-20 EB-11 NSC-10 RSC-01

CIEP-02 TRSE-00 SS-20 STR-08 OMB-01 CEA-02 CIAE-00

COME-00 FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12 LAB-06

SIL-01 L-03 H-03 PM-07 DODE-00 PA-04 USIA-15 PRS-01

IO-14 DRC-01 EUR-25 /202 W
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R 270852Z OCT 73

FM AMEMBASSY TEL AVIV

TO SECSTATE WASHDC 0296

C O N F I D E N T I A L TEL AVIV 8671

E O 11652: GDS

TAGS: EFIN, IS

SUBJ: DISPOSITION OF FUNDS RAISED FOR ISRAEL IN U.S.

DIRECTOR GENERAL OF BANK OF ISRAEL (DR. SHEFFER) TOLD EMBOFF
OCT 26 THAT GOVT POLICY WAS THAT FUNDS RAISED IN U.S.
SHOULD BE SPENT THERE OR REMAIN INVESTED THERE UNTIL
USED. THIS INCLUDES BOTH UJA CONTRIBUTIONS AND ISRAEL BONDS
SALES. THIS WAS DELIBERATE DECISION TAKEN ON POLITICAL
GROUNDS AS EXPRESSION OF GRATITUDE FOR USG SUPPORT. HE NOTED
THAT HIGHER INTEREST RATE COULD BE OBTAINED ON EURODOLLAR MARKET,
SO DECISION NOT MOTIVATED ON ECONOMIC GROUNDS. ISRAEL DID
NOT WANT TO CAUSE U.S. BALANCE-OF-PAYMENTS OUTFLOW.
(THIS HAPPENED IN 1967 ESPECIALLY DURING SECOND AND THIRD
QUARTERS.) FUNDS WERE BEING INVESTED THROUGH VARIOUS
BANKS; HE MENTIONED ONLY BANK OF AMERICA.
KEATING

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Message Attributes

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Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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